
(2021) 01 SEBI CK 0026

In the Securities Appellate Tribunal Mumbai

Case No : Miscellaneous Application No. 193, 195 Of 2020, Appeal No. 211 Of 2020

Amalendu Mukherjee

APPELLANT

Vs

Securities & Exchange Board Of India

RESPONDENT

Date of Decision : 19-01-2021

Acts Referred:

Securities And Exchange Board Of India (Prohibition Of Insider Trading) Regulations, 1992 — Regulation 2(c), 2(e), 3(i), 4
Securities And Exchange Board Of India (Prohibition Of Insider Trading) Regulation, 2015 — Regulation 2(d)(i), 2(1)(g), 4(1)
Securities And Exchange Board Of India Act, 1992 — Section 12A(d), 12A(e)
Insolvency And Bankruptcy Code, 2016 — Section 14

Citation : (2021) 01 SEBI CK 0026

Hon'ble Judges : Tarun Agarwala, Presiding Officer; Dr. C. K. G. Nair, Member; M. T. Joshi, J

Bench : Full Bench

Advocate : Dinesh Kumar Sabharwal, Gaurav Joshi, Abhiraj Arora, Rashi Dalmia

Final Decision : Disposed Of

Judgement

Dr. C. K. G. Nair, Member

1. This appeal has been filed challenging the order of the Whole Time Member (hereinafter referred to as "WTM") of Securities and Exchange

Board of India (hereinafter referred to as "SEBI") dated July 6, 2020. By the said order, inter alia, the appellant has been directed to disgorge an

amount of Rs. 2,30,34,010/- along with the interest at the rate of 12% p.a. from November 17, 2015 till the date of payment and prohibited from

dealing in the securities market, directly or indirectly, for a period of seven years from the date of depositing the aforesaid amount with SEBI.

2. The impugned order has been passed in a matter relating to alleged insider

trading in the scrip of Ricoh India Ltd. (hereinafter referred to as Ricoh), a listed company. Impugned Order has been passed, inter alia, on the ground that the Appellant had contravened Regulations 3(i) and 4 of the SEBI (Prohibition of Insider Trading) Regulation, 1992 (hereinafter referred to as 'PIT Regulations 1992) and Regulation 4(1) of the SEBI (Prohibition of Insider Trading) Regulation, 2015 (hereinafter referred to as 'PIT Regulations 2015) read with Sections 12A(d) & (e) of the SEBI Act by dealing in the securities of Ricoh while he was in possession of unpublished price sensitive information (hereinafter referred to as 'UPSI'), being an insider and connected person under Regulations 2(c) and 2(e) of the PIT Regulations, 1992 and Regulations 2(d)(i) and 2(1)(g) of the PIT Regulations 2015. The case was investigated by SEBI for the period from August 14, 2014 to November 17, 2015. On completion of the investigation an impounding order was passed, inter alia, against the appellant and the company by the name Fourth Dimension Solutions Ltd. (FDSL for short), where the appellant was the majority promoter and the Managing Director, impounding an amount of Rs. 2,30,34,010/- jointly and severally on account of the illegal gains made and notional loss avoided by the entities. Subsequently, the company FDSL went into Corporate Insolvency Resolution Process (CIRP) and, therefore, after giving an opportunity of hearing, etc. the impugned order in the appeal has been passed holding the appellant responsible for insider trading in the scrip of Ricoh and directing the disgorgement against him.

3. The relevant facts relating to the matter in brief are as follows:-

- a. The appellant is a promoter and the Managing Director of FDSL having 73% of its shareholding at the relevant time.
- b. FDSL was a vendor as well as a customer of Ricoh which also used to be a regular investor in the shares of Ricoh. FDSL was a Titanium Ricoh ITS Partner and was given a target of bringing business opportunities of INR 500 crore for Ricoh. FDSL Being a Titanium ITS partner it had considerable business dealings with Ricoh.
- c. While conducting the limited review of the financial statements of Ricoh for the quarter ending June and half-year ended September 30, 2015, BSR & Co., LLP (hereinafter referred to as 'BSR'), the newly appointed statutory auditor, raised suspicions regarding certain transactions between

Ricoh and its customers and vendors. Pursuant to the same, the Audit Committee of Ricoh appointed M/s. Shardul Amarchand Mangaldas & Co.,-

who, in turn, appointed Pricewaterhouse Coopers Private Limited, India (PwC, for short)- to conduct forensic audit of the books of accounts of Ricoh

for the half- year ended September 30, 2015. PwC submitted its report on preliminary findings on April 20, 2016. Relying on this Report Ricoh wrote

to SEBI on April 20, 2016, that its financial statements for the quarters ended June 30, 2015 and September 30, 2015 did not reflect true and fair view

of its state of affairs. Ricoh also requested SEBI to investigate the matter. The disclosure of Ricoh, that its financial statements did not reflect true and

fair view of its state of affairs, was displayed by BSE on April 22, 2016. Therefore, the Audit Committee of Ricoh ordered a forensic audit, which

came to the conclusion that its accounts were not fair for the FY 2012/13 to 2015/16. This came into the public domain only when the said information

was disclosed on the BSE platform on April 22, 2016. Therefore, the period from April 01, 2012 to April 22, 2016 has been considered as the Â‘UPSI

period. PwC submitted its final report on November 17, 2016, a copy of which was also submitted to SEBI on November 29, 2016.

d. SEBI also appointed a forensic auditor, M/s Pipara &Co, to do a detailed analysis of the financials of both Ricoh and FDSL in order to clearly bring

out the complete details and nexus. Pipara submitted its Report dated October 25, 2019.

e. Upon completion of investigation in the matter, SEBI passed an interim ex-parte impounding order dated March 17, 2020 against FDSL and the

Appellant impounding an amount of INR 2,30,34,010/- from them jointly and severally, being the amount of illegal gains made and notional loss avoided

on account of trades carried out by FDSL in scrip of Ricoh. Thereafter, on information from the Resolution Professional of FDSL, appointed by the

National Company Law Tribunal, that FDSL had been undergoing corporate insolvency resolution process under the Insolvency and Bankruptcy

Code, 2016 (hereinafter referred to as Â‘IBCâ?) since July 26, 2019 and thus, a moratorium under Section 14 of the IBC had been in force, an

addendum to the impounding order was issued on March 30, 2020 wherein the directions issued against FDSL in the Order were kept in abeyance as

long as the moratorium is in force. The Appellant filed an appeal before this Tribunal against this impounding Order, which was disposed of vide our

order dated May 27, 2020, directing the Appellant to file a reply to the Impounding Order and further directing SEBI to decide the matter finally by July 6, 2020 after giving an opportunity of hearing to the appellant. In compliance with our directions, SEBI passed the Order which is impugned in this appeal. In the impugned order it is held that the appellant Amalendu Mukherjee had substantial influence on the management of Ricoh and in manipulating the purchase orders of the company. Because of his close proximity to the management and he being privy and party to some of the irregularities relating to the purchase orders, the appellant was aware of the fragile financial position of Ricoh. Therefore, once Ricoh appointed a new statutory auditor who raised several concerns and therefore Ricoh deciding to appoint a Forensic Auditor in November 2015, the appellant disposed of the shares of Ricoh which FDSL held on 17 November 2015 before the Forensic Auditor's report would come out and therefore traded when he was privy to unpublished price sensitive information (UPSI), information when published would have a material impact on the price of the scrip of a company. By part of such sales the appellant made an unlawful gain of Rs. 1,13,56,118/- and through another set of sell orders he avoided a notional loss of Rs. 1,16,77,892/-. Therefore, the gains made and the loss avoided together comes to an amount of Rs. 2,30,34,010/-, which has been directed to be disgorged along with the interest calculated @12% per annum by the Appellant. Hence this appeal.

4. It is the contention of the learned counsel Mr. Dinesh Kumar Sabharwal, who appeared on behalf of the appellant, that the shares in question of Ricoh were owned by FDSL and not by the appellant; the appellant being the authorised person was only trading on behalf of FDSL; FDSL has gone under CIRP and since SEBI cannot make any claim now against FDSL it is claiming the said amount from the appellant which is illegal and arbitrary. Moreover, since FDSL was needing funds it disposed of all the securities it was holding (of 13 companies) during the period in question (2014-15), not only that of Ricoh, and some of its stake sales had been in excess of the sales of Ricoh shares.

5. It was further contended by the learned Counsel that the appellant did not make any personal gain in the process and being a listed company the gains or losses of FDSL should be accruable to all the shareholders. It was further contended that SEBI did not have the power to lift the corporate

veil in an arbitrary manner and go after the appellant just because the appellant was one of the promoters of FDSL.

6. It was vehemently argued by the learned counsel for the appellant that the appellant was not privy to insider information of Ricoh nor the appellant

had indulged in any manipulation in the purchase orders made by Ricoh nor influenced such decisions of Ricoh in any manner. FDSL was just one of

the vendors of Ricoh and the appellant as a director of FDSL engaged in only genuine transactions with Ricoh. In order to prove his contention, the

learned counsel for the appellant stated that the finding in the impugned order that names of famous companies were used in creating purchase orders

of Ricoh and to create fictitious transactions is absolutely devoid of any merits as all these companies existed as they are well known companies.

Certain documents were also produced before us to support the contention that a few of the entities which were held to be non-existent by the

forensic auditor do exist and there were genuine orders and fund transfers between them and Ricoh and Ricoh had even filed certain proceedings

against some of those entities. He particularly cited that page No. 123 of the report of Pipara relating to VEDAVAAG and Redhex IT Solutions

Private Limited. The learned counsel also relied on a communication from the Economic Offences Wing, New Delhi to Ricoh regarding a complaint

filed by the latter, stating that the allegations are based on the report submitted by a private firm without supporting documents, the allegation of non-

existent customers / vendors could not be substantiated and all the alleged suspect transactions are supported by the transfer of funds. The learned

counsel, therefore, contended that the report of the auditors/forensic auditors are totally unreliable as many of their statements are not backed by any

evidence and many other statements are contrary to facts. Relying on the judgment of Samir Arora vs. SEBI [(2005) 59 SCL 96] the appellant

contended that when there are apparent errors such reports are liable to be rejected.

7. In short, the learned counsel for the appellant submitted that his client was neither privy to the UPSI nor disposed of the shares of Ricoh (or various

companies FDSL held) on the basis of such information; nor played any role in the purchase decisions of Ricoh nor fabricated any purchase orders,

etc. Moreover, the appellant carried out trade in the shares of Ricoh (and other companies) for FDSL, not in his personal behalf and, therefore, no

disgorgement could have been directed against him by resorting to lifting the corporate veil, arbitrary and illegally. It was further contended that in any case the appellant has not earned anything personally and, therefore no disgorgement could have been made against him as disgorgement is an equitable remedy. It was also contended that the FDSL was in need of money and has been disposing of all the shares / securities it was holding during 2015-2016 and sales revenue in some of which was much more than obtained from Ricoh shares.

8. It was further contended by the learned counsel for the appellant, citing the judgment of Honâ?ble Supreme Court in the case of SEBI vs. Rakhi

Trading Pvt. Ltd. [2018 (13) SCC 753], that each matter has to be considered based on the factual matrix. Further, relying on the judgment of this

Tribunal in the case of Rakesh Agarwal vs. SEBI [2004 (49) SCL 351], it was contended that the intention of the regulations was neither to ban

genuine corporate trading in securities nor to treat generally known public information as UPSI as held by the Apex Court in Hindustan Liver Ltd. Vs.

SEBI (1988) 18 SCL 311. So in short, the core of the submissions of the learned counsel for the appellant is that the forensic audit reports on which

SEBI vests its arguments are not fully supported by facts and, therefore, the impugned order is based on surmises and farces and, therefore, is liable

to be quashed.

9. Shri. Gaurav Joshi, learned senior counsel appearing on behalf of respondent SEBI, on the other hand, vehemently contended that the UPSI in the

instant matter was manipulation of Ricoh accounts and the forensic reports clearly brings out the manner and magnitude of such manipulation and how

the appellant herein and KMPs of Ricoh were involved. Some of the entities, namely, Vedaavag, Redhex, New Code and RNM IT Solutions pvt Ltd

etc. with large business dealings between the appellant and Ricoh were also related to the appellant. On the issue of using the name of famous

corporate houses, it was found to be fake transactions by SEBI in the impugned order. The learned counsel submitted that it is not the contention of

SEBI that all those companies were fake in terms of their names, but the contention is that the names were used but the addresses of such companies

were not the authentic addresses of the stated companies. Therefore, names of known corporate entities but with different addresses have been used

to create fictitious transactions.

10. The learned senior counsel for SEBI further contended that the submission made by the appellant that he had been selling all securities in his

portfolio during the period under consideration and some of those stakes were of higher / high values even compared to the securities of Ricoh have

no merit since the allegation is only with respect to the stake sale of Ricoh. Here, what is held in the impugned order is that because the appellant and

FDSL were privy to a lot of transactions of Ricoh by virtue of the peculiar nature of their business dealing and hence privy to the insider information,

the feeble financial position which Ricoh was facing because of several fictitious transactions was known to the appellant. Therefore, when the

forensic audit was ordered on their books of accounts of Ricoh by Ricoh, the appellant resorted to selling the shares of Ricoh which FDSL held. Being

the majority owner, the main beneficial owner, Managing Director and the authorized person in-charge of FDSL, the appellant is squarely responsible

for making good the illegal gains/avoidance of losses to the tune of Rs. 2.3 crore.

11. The learned senior counsel for SEBI, relying on Delhi Development Authority vs. Skipper Construction Ltd. [(1996) 12 SCC 152], submitted that

lifting of corporate veil is permitted where the corporate character is employed for the purpose of committing illegality or for defrauding others,

and therefore the Court would ignore the corporate character and will look at the reality behind the corporate veil so as to enable it to pass appropriate

orders to do justice between the parties concerned. On the contention of the appellant regarding illegal lifting of corporate veil, the learned senior

counsel for SEBI also repudiated the same by relying on the orders in N. Narayanan vs. Adjudicating Officer, SEBI [(2013) 12 SCC 152], Kemefts

Specialities Pvt. Ltd. vs. SEBI (2011 SCC Online SAT 84) and Sahara Asset Management Company vs. SEBI (2017 SCC Online SAT 173). Further,

relying on S.E.C. v. Contorinis 743 F. 3d 296 (2nd Cir. 2014), the question relating to whether a disgorgement on the appellant could have been

ordered has been addressed. Reliance was also made on SEC v. David E. Whitmore and Peter S. Cahill [659 F.3d 1 (D.C. Cir. 2011)] by the learned

Counsel on the question of disgorgement against the appellant.

12. Having heard the learned counsel for the parties and having perused the documents produced before us, we are of the considered view that the

appeal lacks merit for several reasons. There is sufficient evidence to prove a high degree of connection between Ricoh and several of its senior

employees, including CEO, with the appellant and FDSL. This is clearly articulated in the forensic report as well as in the impugned order. Moreover,

on 12 February, 2018 the WTM of SEBI had passed an interim order against 6 employees of Ricoh and the Appellant for fraud under the SEBI

Prevention of Fraudulent and Unfair Trade Practices Regulations. The appeal filed by the Appellant was dismissed by this Tribunal. Subsequent

confirmation Order dated 16 August, 2018 was passed by the WTM was not even challenged by the Appellant.

13. Further, though FDSL was a separate legal entity, the appellant was its â?? soulâ??- being the majority promoter and Managing Director who

managed the affairs of FDSL. Apart from FDSL being a separate legal entity, there is nothing on record to show that anybody else other than the

appellant was in-charge of FDSL in its day-to-day management and, therefore, the attribution of FDSL activities to the appellant does not suffer from

any lacunae. By the same reasoning, we find no legal error in SEBI lifting the corporate veil in order to get to the root of the suspected fictitious

transactions between FDSL, Ricoh and other entities.

14. SEBI received a letter dated April 20, 2016, from the Company stating that its financial statements for the quarters ended June 30, 2015 and

September 30, 2015 did not reflect true and fair view of its state of affairs, relying on the PwC Preliminary Report. The Company also requested

SEBI to investigate the matter of incorrect financial statements. The disclosure of the Company, that its financial statements did not reflect true and

fair view of its state of affairs, was published by BSE on April 22, 2016. It is stated that any information having a material adverse impact on the

Company financials is considered to be price sensitive information in respect of the Company. Thus, financial statements are definitely considered as

price sensitive information as they are very likely to have impact on the share price of securities. In this regard, prior to this disclosure by BSE, the

market was relying on the misstated financials to take investment decisions. Further, the misstated financials had impacted the price of the scrip of the

Company and thus, it is stated that the misstated financial statements of the Company from the Financial Years 2012-2013 onwards were qualified as

UPSI. This came into the public domain only when the said information was disclosed on the BSE platform on April 22, 2016. Therefore, the period

from April 01, 2012 to April 22, 2016 has been considered as the 'UPSI period'.

15. Some of the findings in the PwC reports, the Pipara report and the investigation reports are clear evidence of the role of the appellant in various wrong doings and his connection to the KMPs of Ricoh and thereby in projecting a false rosy picture of the accounts of Ricoh. For instance the PwC

Report that highlight that financial statements of the Company were misstated, are as follows:

i. Information Technology Services (hereinafter referred to as 'ITS') of the Company had sales transactions during the half-year ended

September 30, 2015 which recorded suspect sales amounting to Rs. 590.8 crore involving a select group of 18 parties wherein the Company

procured products or services from one of these parties and sold it to another of these parties and these transactions were in the nature of

back to back transactions;

ii. In most instances, the purchase orders of customers were sent by the Appellant to Smriti Pandey, Senior Executive, ITS Operations, of the

Company, and not directly from the respective customers. Likewise, the corresponding invoices from the Company were sent by Smriti

Pandey to the Appellant and not to the customers;

iii. Despite Redhex IT Solutions Private Limited, a customer of the Company, defaulting in payment of its dues to the Company totalling to

approximately Rs. 80 crore, it was still granted a credit limit of Rs. 50 crore for a period of 270 days in April 2015.

iv. 99.7% of Redhex's total purchases during the half year ended September 30, 2015 was from Ricoh, which were back to back trades,

as the purchases with respect to these sales were made from FDSL, and in turn a part of Redhex's sales went back to FDSL, thereby

indicating circular transactions. The Appellant's brother, Mr. Bibekananda Mukherjee, was a shareholder and director in FDSL and

Redhex. v. The spouses of Arvind Singhal and Anil Saini and the Appellant and his wife were all directors and shareholders in RNM IT

Solutions Private Limited. It is stated that funds transferred from Ricoh to FDSL

were immediately transferred to another account of FDSL

and then to other entities such as RNM IT Solutions. Thus, there existed a conflict of interest for Arvind Singhal and Anil Saini, as their

spouses were directors and shareholders in RNM IT Solutions along with the Appellant and his wife.

vi. The Appellant advanced personal favours to Arvind Singhal and Anil Saini such as payment of tuition fees of foreign education of Anil

Saini's daughter and sponsoring of several trips and hotel bookings of their families in India and abroad.

vii. Payments had been made by the Company to the select parties (Redhex, Vedavaag and New Code) for purchases despite amounts

outstanding from them for sales made to them. The domain ID of New code was registered in the name of the Appellant and the Appellant

and his wife were shareholders and acting as directors in New code.

viii. FDSL had traded in the shares of Ricoh from August 22, 2014 to November 20, 2015 and liquidated its shareholding in Ricoh during

the week of November 20, 2015, which happens to be around the same time when BSR raised concerns relating to certain transactions.

Other findings

i During the course of the investigation, it was found, from the replies of the Company, that a major write-off involved an account of FDSL

to the tune of Rs. 268 crore. However, even after the write-off, the amount receivable from FDSL as reflected in the books of accounts of

Ricoh was Rs. 339.67 crore. FDSL disputed this amount and gave a counterclaim of Rs. 428.41 crore to be received from Ricoh.

ii From the bank account details of FDSL, it was found that the funds transferred from Ricoh to FDSL were immediately transferred to

another account of FDSL and then to other entities such as New Code IT Services and RNM IT Solutions. Further, multiple transactions

were carried out with RNM IT Solutions, the net of which amounted to Rs. 6.03 crore. In this respect, there existed a conflict of interest for

Arvind Singhal and Anil Saini, as their spouses were directors and shareholders in RNM IT Solutions along with the Appellant and his wife,

as highlighted hereinabove.

iii. Further, Ricoh had written-off amounts of Rs.72.30 crore and Rs.58.38 in

respect of Redhex and Vedavaag, respectively. Redhex was a connected entity with FDSL as highlighted in paragraph h(iv) hereinabove and in the case of Vedavaag, one of the addresses of Vedavaag in the invoices, sent by the Appellant to Smriti Pandey, was actually that of FDSL, thus the ultimate beneficiary of the transactions was the Appellant.

iv. It was observed that the Appellant shared the purchase orders of the vendors and customers of Ricoh directly with Ricoh instead of the companies sending it themselves.

16. The findings in the Impugned Order is based on 4 other audit/forensic audits and investigation by SEBI: 1) limited review of Ricoh accounts by

BSR&Co, the new statutory auditor; forensic audit by PWC and its 2) first and 3) final reports; and 4) forensic audit report by M/s Pipara &

Company on both Ricoh and FDSL accounts and transactions as ordered by SEBI. The submission of the learned counsel for the appellant that no one

sued FDSL for using fake addresses and invoices does not have any merit because such documents/findings have come out in the process of this

investigation only. Even assuming there are some discrepancies in some of these reports on the existence of a few out of the 27 entities identified or

part of the payments in question are factually correct do not vitiate the core findings in those reports as well as in the impugned Order since the basic

question to be answered in the matter is only whether the appellant was expected to have a reasonable understanding about the financial position of

Ricoh and hence did he come under the definition of "insider" under the stated provisions of the PIT Regulations, 1992, which is reproduced here

for convenience.

: an "insider" means any person who (i) is or was connected with the company or is deemed to have been connected with the company

and is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company, or

(ii) has received or has had access to such unpublished price sensitive information.

Connected person means any person who is

ii. Occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship

between himself and the company (whether temporary or permanent) and who may reasonably be expected to have access to unpublished

price sensitive information in relation to that company....

17. Given the nature and extent of connection which the appellant had with Ricoh and its KMPs in terms of his ability to influence orders by even

providing editable invoices, parties routing Ricoh orders through FSDL, cross directorships in various entities in the game, ability to even influence

decision relating to appointment of auditors, all detailed in the impugned order, are sufficient to conclude that appellant had an extraordinary nature of

connection/influence with Ricoh and its KMPs for him to fall squarely within the meaning/definition of "connected person" and hence

"insider" under the regulatory provisions cited above. Cumulatively all such evidence leads to a formidable conclusion that appellant was an

insider in Ricoh and hence he sold the shares of Ricoh while being privy to the UPSI that Ricoh's financials were not as being disclosed during 2012-

13 through 2015-16. The appellant does not have any meaningful answers to the questions on his extraordinary nature of connection and even

influence with several of the KMPs of Ricoh even in supporting the expenses of them and their family members, suggestion not to appoint KPMG as

auditor etc.

18. Once it is concluded that the accounts of Ricoh, as had been disclosed from 2012-13 till 2015-16 had been vitiated which was disclosed to the

public only on 22 April, 2016 it is axiomatic that a UPSI exists in respect of the price of the scrip of Ricoh as only insiders were privy to the real

financial position of Ricoh. Given the connection of the appellant with Ricoh and its KMPs and his business relations with Ricoh and its vendors

appellant was a connected person and hence insider of Ricoh. Then the only remaining question would be whether appellant who sold off shares

belonging to FDSL is liable to be disgorged. Here, the Orders in Narayanan (supra), Contorinis (supra) and Whittmore (supra) would squarely apply to

the matter. In Contorinis it is held that "the primary issue presented is whether an insider trader who trades on behalf of another person or entity

using funds he does not own, and thus produces illegal profits that he does not personally realize, can nevertheless be required to disgorge the full

amount of illicit profit he generates from his illegal and fraudulent actions.

Because our cases have established that tippers can be required to disgorge profits realized by their tippeesâ?? illegal insider trading, and this case is distinguishable only insofar as Contorinis himself executed the fraudulent trades rather than leave that task to a tippee, we conclude that the district court was empowered to enter the disgorgement order, and did not abuse its discretion in doing so. Additionally, we find no abuse of discretion in the district courtâ??s imposition of an injunction on Contorinis or in its order that Contorinis pay prejudgment interest on the disgorgement amount.â? As such in the instant matter where the appellant was holding an overwhelming proportion of FDSL share capital and was also its MD and authorised person, disgorgement of the illegal gains made by the appellant and FDSL from the appellant alone, when FDSL has gone under CIRP, does not suffer from any legal error. Even the earlier (pre-CIRP) direction of SEBI was for joint and several disgorgement of the amount in question from the appellant and FDSL. Moreover, it is an established law that for the misdeeds of corporates going under CIRP under the IBC 2016, their promoters/directors/officials responsible for those misdeeds can be visited with the legal liabilities. Therefore, impugned directions passed for the stated violations of insider trading regulations do not suffer from any error.

19. Given the above factors, the overwhelming evidence available on record proving infraction of law and the case law involved, we do not find any reason to interfere with the impugned order. The appeal, therefore, fails and is dismissed with no orders on costs. The appellant is directed to pay the disgorged amount, along with interest, within 30 days from the date of this order. Consequently, Miscellaneous Applications are also disposed of.

20. The present matter was heard through video conference due to Covid-19 pandemic. At this stage it is not possible to sign a copy of this order nor a certified copy of this order could be issued by the Registry. In these circumstances, this order will be digitally signed by the Private Secretary on behalf of the bench and all concerned parties are directed to act on the digitally signed copy of this order. Parties will act on production of a digitally signed copy sent by fax and/or email.